



AAPA Growth Opportunities for General  
Cargo and Shallow Draft Ports  
Memphis, TN  
Marketing A Niche Port

**Ron Popham**

Senior Director  
Maritime Division  
Port of San Diego

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## Outline

- Definition of Niche Port
- Port of San Diego, Its Facilities & Equipment
- Market Assessment
- Developing Marketing Plan & Strategies to Increase Tonnage & Revenue
- Implementing Marketing Plan & Strategies
- Evaluating Results
- Summary



# Port of San Diego

- Self-supporting Special Purpose Agency
  - Created by the California legislature in 1962 to oversee the protection and development of the public tidelands surrounding San Diego Bay.
- Multi-jurisdictional
  - Five cities appoint seven board members to establish policies, under which Port staff conducts daily operations.
- 606 employees
- \$120 - \$130 million in annual revenues
  - Real Estate Division                      65%
  - Maritime Division                            25%
  - Miscellaneous                                10%





## Port of San Diego: A Niche Port

- Definition of a Niche Port
  - Port handles a particular cargo or market segment.
  - Port focuses on cargo based on specific facilities and equipment.
  - Port has made a strategic decision to invest in assets suited to targeted customers to capture a return on its investment.
- Port of San Diego is an operating port rather than a landlord port.
  - The Port maintains custody and control of cargoes within the marine terminals.
  - Marine terminals are not leased, but operated by the Port.
- Port's Strategic Plan of 1996, which was adopted by the Board, proposed that the Port focus on automobiles, refrigerated fruit, and bulk cargoes.
- The Port invested in facilities and equipment to retain and expand these cargoes.



## Port of San Diego: Facilities

- Two cargo Terminals
  - TAMT – 2.9 million m.tons
  - NCMT – 600,000 m.tons
  - 3.5 million tons of cargo in FY 2005/2006
- Fourth largest California cargo port in terms of volume, after Long Beach, Los Angeles, and Oakland.
- B Street Cruise Terminal (FY 2005/2006)
  - 619,000 passengers

# Tenth Avenue Marine Terminal



- 96-acres, 8 berths
- 1 million square feet of closed warehouse space
- Searles Valley bulk soda ash, borates, & sand
- Cemex with Siwertell unloader
- Public terminals for containerized/general cargo
- 100-Ton capacity Gottwald mobile crane
- up to 42 feet of draft at MLLW
- On dock rail connecting to BNSFRR
- Dole Fresh Fruit container facility
- HRS B/B palletized fruit in 300,000 s.f. whse
- San Diego Union-Tribune for B/B newsprint



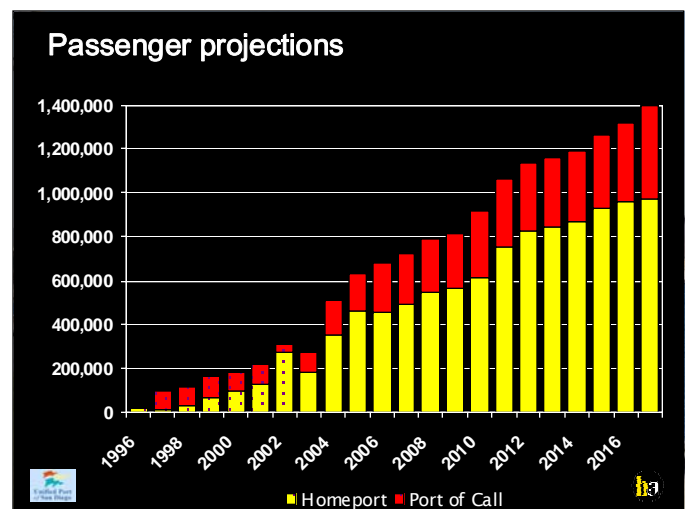
# National City Marine Terminal

- 125-acres, 7 berths
- 35 feet of draft at MLLW
- On-dock rail to BNSFRR & UPRR
- The Pasha Group TOA
- Specialized Ro-Ro Facility
- Ocean going lumber barges
  - Dixieline and Weyerhaeuser with off-dock leases
- Military strategic port for NCMT and TAMT
- No container gantry or mobile cranes
- 600,000 metric tons of cargo in FY 2005/2006.
  - 319,000 in vehicles
  - 150 million board feet in lumber



# B Street Cruise Terminal

- Facilities can accommodate two homeport vessels, two visitation vessels, or combination of both.
  - 9.2-acres 2 berths, 35 feet of draft
- 95,000 square feet of terminal and supplemental structures.
- Port operated
- Mexican Riviera 7 and 8 day cruises
  - October and April
  - Visitation cruise line call all year round.
- Carnival Corporation and Royal Caribbean
- 220 vessel calls
- 619,000 passengers in FY 2005/2006
- Each homeport call generates more than \$2 million dollars to the regional economy.







# Market Assessment

- Necessary to develop targeted market segments
  - A market segment is a cargo in a particular trade area
    - Port Strategic Plan of 1996 focused on automobiles, refrigerated fruit, and bulk cargoes.
    - Total tonnage in 1996 was 1.1 million metric tons

## PROCESS

- Develop Objectives
  - In 2003, Port of San Diego objectives included increasing Maritime tonnage & revenue
- Conducted a SWOT Survey
- Gathered data (PIERS)
- Hired consultants
  - Assess market trends and provide customer leads for short term strategy
- Evaluated current and future infrastructure
- Retained professional staff and obtained sufficient budget



# Marketing Plans & Strategies

- Define mission
  - Identify & fulfill needs of current and prospective customers.
  - Expand & diversify current and future cargo base.
  - Provide quality customer service.
  - Increase tonnage volume and operating revenue.
- Define goals
  - Retain current customers.
  - Acquire new customers.
  - Increase tonnage volume and operating revenues by 10%.
  - Ensure dockage, wharfage, and storage rates are competitive.
  - Establish market driven rates.



## Marketing Plans & Strategies (cont.)

- Goals (cont.)
  - Maintain and develop industry marketing alliances with carriers, brokers, and current customers.
  - Actively participate in economic development and maritime related initiatives with local, state, and federal governments and industry trade associations.
- Keys to Success
  - Provide responsive customer service
  - Perform market analysis to expand trade areas, develop new commodity targets, and diversify customer base.
  - Develop effective marketing and sales strategies to attract new business.
  - Maintain regular, direct, and effective communication with current and potential customers.



## Marketing Plans & Strategies (case study)

- Port of San Diego FY 2003/2004
  - DATA: previous year tonnage of 1,999,816 million tons
  - MARKET ASSESSMENT/GOAL: forecasted 10% increase to 2,199,798 tons.
- Assumptions
  - Current customers would have to be retained.
  - New tonnage would be secured.
- Combine marketing plan and tonnage targets
  - Develop budget for FY 2003/2004 based on marketing plan, tonnage targets, and assumptions.
- Develop strategies
  - Retain current customer base and develop new customers.
  - Diversify cargo base and trade areas.
  - Target non-traditional cargoes and trade areas.
  - Target joint marketing programs with stevedoring companies and Class 1 Rail Operators.
  - Develop and support partnership with ILWU and Teamsters.



## Implementing Plans & Strategies

- Trade development team
  - Manager, one sales person, and one administrative assistant
  - Senior Director oversees the effort
- Actions
  - Evaluated consultant's report
  - Prepared customer lists and contacts
  - Made personal visits
  - Evaluated JOC Piers Reports
  - Contacted industry associations
  - Developed target commodities and trade areas
  - Created focused commodity and trade area table matrix on new opportunities
  - Evaluated Tariff rates
  - Implemented competitive rates (not to take cargo away from a port competitor)
  - Initiated overseas travel to develop new business opportunities



## Evaluating Results

- Total tonnage in FY 2002-2003 was 1,999,816 metric tons.
- Total tonnage in FY 2003-2004 was 2,628,189 metric tons or an increase of 24%.
- Cargo vessel calls in FY 2002-2003 was 366.
- Cargo vessel calls in FY 2003-2004 was 405 or an increase of 10%.
- Cargo vessel calls in FY 2005-2006 was 502 or an increase of 24%.
- Current customer business increased from 1% to 63% depending on the commodity.
  - New business accounted for 28% of the total increase in volume.
  - Non traditional trade areas brought in new business from Asia, So. East Asia, Australia, and Europe.
  - Current customer base was retained and new customers were developed.
  - Target goal of a 10% increase in tonnage volume was surpassed at 24%.
  - Industry alliances were solidified and the labor force was ecstatic.



## Marketing Niche Ports: Summary

- Embraced the strategy that it was a niche port in FY2003-FY2004.
- Evaluated facilities and equipment adjusted to become a niche port.
- Assessed cargo markets to develop targets.
- Created marketing plans and strategies to increase tonnage and revenues.
- Implemented plans and strategies with successful results.
- Developed similar plans and strategies for FY2004-FY2005 with similar positive results. FY2005-2006 was an even bigger success.
- In the process of updating the Maritime Business Plan through 2030.